

PENANG SANGAM HIGH SCHOOL

P.O BOX 44, RAKIRAKI

LESSON NOTES –WEEK 9

Subject: Commercial Studies

Year: 10

Strand: 2

Sub Strand: 2.3 - The Accounting Process

Content Learning Outcome: - Use double entry concept to post to ledger accounts

- Post, balance the ledger accounts using T form
- Prepare creditors ledger account from transactions using T form.

Lesson Notes:

- ✓ Ledger accounts follow the extended accounting equation rule.

$$\begin{array}{c} A + E + D \\ \uparrow \text{DR} \\ \downarrow \text{CR} \end{array} = \begin{array}{c} L + P + R \\ \uparrow \text{CR} \\ \downarrow \text{DR} \end{array}$$

- ✓ **DR** entries in the journal/ analysis chart are posted to **DR** side in the ledger.
CR entries in the journal/ analysis chart is posted to **CR** side in the ledger
- ✓ **Given the transactions, first identify the accounts affected or separately prepare an analysis chart.** Since we are preparing Creditors Ledger Account, we will record the opposite account affected into the ledger with the creditor's amount.
 - **Same side posting- meaning**
- ✓ If **Creditor's account is DR**, you will record the **opposite account name on the DR side** of the ledger account with the **amount for creditor's**.
- ✓ If **Creditor's account is CR**, you will record the **opposite account name on the CR side** of the ledger account with the **amount for creditor's**.

T Account Format

Account Title	
Debits Left	Credits Right

Illustrative Examples:

Note: The total of the side [DR/CR] which is more will be recorded on both sides on the same line. Bal c/d and Bal b/f is the difference between the total which is more [\$12 920 CR] minus Total which is less [\$9 540 DR]. Record Bal c/d on the side which is less and should be above the total. Record Bal b/f on the side which is more and should be below the total.

